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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D. C.

DPD-3405-59
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Reply To:

Eastern District
Auditor General
Comptroller, USAF
Liaison Office
P. O. Box 8155
S. W. Station
Washington, D. C.

20 May 1959

SUBJECT: Report of Audit of CPFF Subcontract
Purchase Order No. 22-1615
Fairchild Camera & Instrument Corp.
Syosset, New York
Under Prime Contract No. AF33(600)-37230 (RT-100)
Lockheed Aircraft Corporation
Missiles and Space Division
Palo Alto, California
Period: 1 August 1958 to 31 March 1959

TO : Contracting Officer

1. We have completed an interim audit of costs incurred under subject subcontract from inception thru 31 March 1959 with the following results, which are detailed in Exhibit A:

Costs billed thru 31 March 1959 (exclusive of Fixed Fee)	\$389,832
Costs questioned	61,661
Amount provisionally approved	<u>\$328,171</u> *

*Subject to comments contained in Par. 3.

2. Fixed Fee billed to date, based on percentage of completion as of 28 February 1959, on Audit Invoice No. 5 was \$20,491.

3. The amount shown above as provisionally approved is subject to the following:

a. The satisfactory receipt and acceptance of the contract items.

b. The subsequent determination that the quantities of materials procured are reasonable and necessary to the requirements of the subcontract. We are unable to determine this at the present time because end-item units are in varying stages of completion.

4. Subcontractor's Reaction to Auditor's Findings:

Findings of the auditor were discussed on 7 May 1959 with

Project Contract Administrator and

Ass. Acctg. Mgr. The subcontractor concurs with the auditor's findings in notes (C) and (D) on Exhibit A and will submit the items mentioned in Exhibit A, Note (B) for the approval of the Contracting Officer.

5. Government Property:

Our findings with respect to Government property procedures which were also reviewed, are contained in Audit Report No. 461.

Liaison Officer
Eastern District
Auditor General